EXCELLENCE THROUGH PARTNERSHIPS

GOVERNMENT OF THE NORTHWEST TERRITORIES

Third Party Agencies Accountability Framework

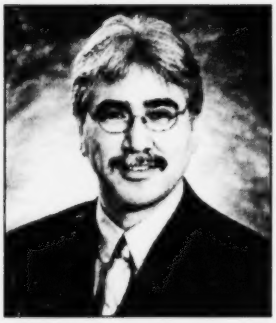
Northwest Territories

106-00600/

Excellence Through Partnerships

GNWT Third Party Accountability Framework

Message from the Chairman of the Financial Management Board



I am pleased to present *Achieving Excellence Through Partnerships: the Government of the Northwest Territories (GNWT) Third Party Accountability Framework.*

The government is the steward for public resources. It is our obligation to ensure these resources are used wisely. The GNWT provides funding to a number of third party agencies and boards to deliver government programs and services. In consultation with third parties across the North, we have developed this policy framework to clarify the reporting and accountability requirements of third parties in the management of these resources.

This accountability framework is a demonstration of the GNWT's commitment to accountability and transparency.

We look forward to continuing meaningful and productive working relationships with our third party colleagues to the benefit of all Northerners.

Hon. Floyd Roland
Chairman

Thank you to the following people and organizations who took the time to share their views with us:

Karen Balaniuk, Chair
Sahtu Divisional Education Council

Brian Kwong, Area Superintendent
FMBS - Fort Simpson

Kevin Morris, Speech Pathologist
Inuvik Regional Health and Social Services Authority

Todd Noseworthy, Manager
Deh Cho Business Development Corp.

Larry Campbell, Nahendeh District Manager
NWT Housing Corp.

Ray Scott, Chief Executive Officer
Inuvik Regional Health and Social Services Authority

Larry Elkin, Chairman of the Board
Stanton Territorial Health Authority

Lana Paulson, First Nation Administrator
Gameti First Nation

Albert Lafferty, SAO
Hamlet of Fort Providence

Kern Von Hagen, Superintendent
Yellowknife Catholic Schools

Rob Charpentier
City of Yellowknife

Eleanor Young, SAO
Hamlet of Holman

Shirley Lamalice, First Nation Administrator
K'atlodeche Nation

Maurice Evans, President
Aurora College

Curtis Brown, Director
South Slave Divisional Education Council

Annie Smith, Trustee
Inuvik Regional Health and Social Services Authority

Brenda Johnson, Board of Management, Chair
Fort Smith Health and Social Services Authority

Kathy Tsetso, CEO
Deh Cho Health and Social Services Authority

Elaine Berthelet, Independent Health Consultant
Yellowknife

Nolan Swartzentruber, Director
Deh Cho Divisional Education Council

Jim Martin, Director
Dogrib Divisional Education Council

James Anderson, Director
Beaufort Delta DEC

Larry Jones, North Slave District Manager
NWT Housing Corp.

Mike Keohane, North Slave District Manager of Programs
NWT Housing Corp.

Seamus Quigg, Director
Sahtu District Education Council

Lyda Fuller, Executive Director
YWCA of Yellowknife

Al Woods, CEO
Yellowknife Health and Social Services Authority

Roz Smith
Community Development Division - MACA

Andrew Popka
NWT Community Mobilization Partnership

Robert Villeneuve, General Manager
Fort Simpson Housing Authority

Gabriel Mackenzie Scott
Native Women's Association of the NWT

Josephine Mackenzie, Coordinator
YK Community Justice Committees

Franklin Carpenter, Director
Inuvik Regional Housing Authority

Afzal Currimbhoy, Executive Director
NWT Business Credit Corporation

Departments:

Executive
Public Works and Services
NWT Housing Corporation
Ministry of Aboriginal Affairs
Municipal and Community Affairs
Education, Culture and Employment
Health and Social Services

Also to the McLeod Institute (University of Calgary), who lent their considerable expertise and experience to this project.

Introduction

The Government of the Northwest Territories (GNWT) has worked with its partners to develop a set of accountability standards for program and service provisions. In return for their support and financial contribution, the public has demanded an open government with a high level of accountability and transparency. They have also come to expect the maximum degree of excellence in the administration of public business. Over the past few years the GNWT has been dedicated to enhancing good governance and management in the public service. This applies not only to government departments, but also to those third parties that the government entrusts to help carry out its mandate.

What is Good Governance?

Good governance has four pillars:

Accountability: The imperative to make public officials answerable for their behaviour and responsive to the entity from which they derive their authority.

Participation: Where citizens participate in government through the electoral process, and public officials are accountable ultimately to the electorate. It implies that government structures are flexible enough to offer beneficiaries the opportunity to improve the design and implementation of public programs and projects.

Predictability: Predictability refers to the:

(i) existence of laws, regulations, and policies to regulate activities; and

(ii) their fair and consistent application.

Transparency: Transparency refers to the availability of information to the general public and clarity about government rules, regulations, and decisions.

Under these principles lay the beliefs and actions that guide the people who work on behalf of a democratic government. Among other things, the public expects the civil service to:

- Lay a solid foundation for management and oversight.
- Provide responsible and ethical decision making.
- Safeguard integrity in financial accounting.
- Make timely and balanced disclosure.
- Respect and protect the rights of the citizenry.
- Recognize and manage risk.

- Encourage enhanced performance and innovation.
- Remunerate fairly and responsibly.
- Set standards of service.
- Be open and provide full information.
- Consult and involve.
- Treat all fairly.
- Put things right when they go wrong.
- Encourage access, and promotion of choice.
- Use resources effectively.
- Coordinate work with other providers and governments.

There has been a general trend in governments everywhere to increase their level of accountability and to use public funds more effectively. It has become more difficult to keep up government services and programs with fewer resources, and in its effort to maintain an adequate level of services, the GNWT has had to make sure that all government programs are run efficiently.

For several years the GNWT has relied on partnerships with third parties to deliver services to the pubic, however, there has not been any consistent and comprehensive policy structure that helps to ensure that publicly funded resources are used effectively. The Third Party Accountability Framework is designed to meet this need.

What does "Third Party" mean?

The term "third party agency" is not defined in legislation, but is generally interpreted to mean any one of a variety of entities that receives public funding for the purpose of providing public service. Often these agencies are established by a sponsoring department under legislation.

What is an Accountability Framework?

The term "accountability framework" generally refers to a cycle of planning, implementing, monitoring, evaluating, reporting and improving. For each component of the cycle the Framework establishes some accountability requirements. These accountability requirements are tailored to the characteristics of the third party agencies involved. For purposes of the Accountability Framework, third party agencies with common characteristics are grouped and these groups have similar accountability requirements assigned to them.

There are three particular characteristics of third party agency operations that have been selected to determine the accountability requirements assigned. These characteristics are ones that are of significant interest to the Legislators and the public when it comes to the provision of public programs and services. They include financial exposure, results importance and public confidence. These areas carry considerable risk when it comes to the protection of public services and resources.

- Financial exposure is important. The more money an agency must manage and use effectively, the higher the risk to the public purse. If money is used unwisely, or costs are not managed, then there are impacts on both clients and on the Government who is the banker. Service to clients can be impacted. Deficits and debt can result and then either the Government or future taxpayers must pay.

- Getting results is critical. Without positive results public money is not being spent effectively. Publicly funded programs must make a difference. If they do not, then the money should be reallocated to other programs that can make a difference. The more critical a result is, the more importance must be placed on achieving it. It is important that the GNWT and its partners all work together for positive change.

- Public confidence must be maintained. The public must have confidence that the basic services that they need, will be available when they need them. The public must have confidence that the government and its third party agencies are using taxpayers dollars well and that they are delivering programming in a fair and equitable manner. Confidence in government enhances the public's sense of security and trust. A stable government is also more inviting to potential investors.

Levels of Accountability

The following tables set out the proposed criteria for determining the level of accountability for third parties. Table 1 describes the criteria within three key areas of impact: political risk; financial risk; and results risk (results risk being the potential impact of third party performance on the ability of the government to achieve its goals and objectives or desired results). The magnitude of the potential impact in each of these key areas is graded as high, medium or low.

Once the level of risk has been graded as high, medium or low, within the three areas of impact (political, financial and results), table 2 converts the corresponding values into points. Depending on the point value assigned, the third party agency is designated as a category 1, 2 or 3 agency. The level of accountability is determined by which category a third party agency is determined to fall within.

The GNWT Third Party Accountability Framework is not meant to provide a detailed template that determines every requirement for third party funding recipients. It is designed to provide a consistent framework within which each department can tailor accountability policies to suit their unique circumstances.

Impact Assessment Table I

Political

High: High degree of community and public interest in subject matter. Would have the ability to enhance or diminish public confidence in government and the Legislature. Public opinion would have a significant effect on NWT political stability.

Med: There is community interest in subject matter. Would have some ability to enhance or diminish public confidence in government.

Low: Interest in subject matter is mostly confined to lobby groups or specific and specialized advocates and clientele. Would have limited ability to enhance or diminish public confidence in government.

Financial

High: Substantial GNWT financial resources are assigned to the organization, with significant budgetary implications, which could impact the fiscal stability of the GNWT.

Med: Considerable GNWT financial resources are assigned to the organization, but with lower budgetary implications, i.e. GNWT could recover from the loss of the financial investment in the organization.

Low: Financial risk and exposure are low.

Results

High: The organization's activities are critical to the GNWT in fulfilling its mandate. They work in tandem with GNWT goals.

Med: The organization's activities are important but not critical to the GNWT in accomplishing its mandate. Tend to complement rather than fulfill legislated activities.

Low: The organization's activities are important to specific groups in the community but not considered a significant part of the greater public interest. They tend to complement rather than fulfill legislated activities.

ACCOUNTABILITY POINTS

	HIGH	MED	LOW
Political	5	3	1
Financial	5	3	1
Results	5	3	1
TOTAL	15	9	3

POINTS ASSIGNMENT

Category 1 12 to 15 points
Category 2 8 to 11 points
Category 3 Under 7

What Do These Agencies Look Like?

Category 1: Major service delivery bodies and commercial Crown corporations.

Bodies in this category have advanced financial and operational reporting systems and adequate human and physical resources to capture, analyze and communicate performance plans and results information to government. Typically, these organizations have operating and financial plans (budgets) in place, although not all have fully developed strategic plans. There tends to be significant public interest in decisions of these types of public bodies and potential financial and political impacts are high. They deal mostly with activities that are required by law. *Examples: Health Authorities, Education Authorities.*

Category 2: Other service delivery and commercial Crown corporations.

Agencies in this category are similar to those in Category 1 in that their activities are ongoing and closely tied to the GNWT's mandate. However, the majority of these organizations do not have large corporate or administrative structures. Public interest in these types of entities tends to be localized or moderate, depending on the subject at hand. *Examples: Housing Authorities, Legal Services Board.*

Category 3: Quasi-judicial, advisory and some service delivery bodies.

Bodies in this category include all remaining agencies. Entities in this group have a much more narrow scope of responsibilities than those in Categories 1 and 2. Typically, these bodies exist for specific purposes (e.g. to enforce legislation), and operate with limited budgets. Generally, the extent of their operations is limited. Entities in this category typically receive little funding aside from members' expense reimbursement, or they work under fee-for-service arrangements. In this category fiscal impacts are low, as is the risk of significant public reaction to decisions. *Examples: Trade Certification Board, Arctic Tourism Board.*

What Will Their Responsibilities Be?

Category I

Planning

Two-way mandatory strategic planning (consultation with the sponsoring department).

- Include vision, mission, goals, strategies, issues and performance measures and/or targets.
- Performance information to be incorporated in the plans.

Multi-year Business Plan and Estimates which will include:

- Strategic Planning in consultation with GNWT.
- Capital investments.
- Operating budget.
- Substantiation for budget requirements.
- Planning cycle integrated with GNWT planning cycle but not necessarily performed sequentially.

Multi-year funding plans would be three year plans, with an update once a year, along with mandatory budget consultation with the sponsoring department.

All new major proposals to include program planning criteria (where applicable).

All significant GNWT policies and Financial Administrative Directives are applicable at least to the extent of the spirit and intent of the policy.

Monitoring & Evaluation

- Strategic use of program evaluation for all programs.
- Development of global performance measures.
- Value for money / compliance audits on all major programs as required.

Reporting and Feedback

Annual report to include:

- Audited financial statements.
- Findings of major reviews and evaluations.
- Evidence of public participation (where appropriate).
- Evidence of successful performance through measures and goal achievement (results reports).

Regular, periodic, financial reporting to the department during the year.

Note: It will be the GNWT's responsibility to provide a written response to the organization within 60 days of receiving the year-end report.

Category 2

Planning

Annual budget and forecasts:

- Mandatory budget consultations with the sponsoring department.
- Budget allocation to both operations and capital investments.
- New proposals for funding will include an elementary evaluation framework.
- Performance information to be incorporated in plans.
- Planning cycle integrated with GNWT planning cycle but not necessarily performed sequentially.
- Program goals and objectives including the measures used to report on performance.

Monitoring & Evaluation

- The department has the authority to specify evaluation and monitoring requirements.
- The department has the authority to review operations as deemed necessary.

Reporting and Feedback

Annual report to include:

- Highlights of major reviews and evaluations.
- Evidence of successful performance through measures, goal achievement, and dollars spent in achieving results.
- Audited financial statements.

Note: It will be the GNWT's responsibility to provide a written response to the organization within 60 days of receiving the year-end report.

Category 3

Planning

- Annual funding request or application if funding is provided on a year by year basis.
- Provide information on proposed actions and how the funding will be spent.
- Letter of intent to continue provision of services if funding is provided on a multi-year basis.
- All requests will be accompanied with an accounting of previous funds received from the sponsoring department.
- Proposals to the GNWT for funds will include an elementary evaluation framework.

Monitoring & Evaluation

- Requirements for evaluation and accountability for provision of funding will be written into contribution agreements / contracts.

Reporting and Feedback

- Content for Annual Program Reports will be negotiated between the department and the third party, and will be written into the contribution or contract agreements.
- They will provide an accounting of the previous year's funding from the department.
- The department will provide feedback where appropriate.

Conclusions

Most of the obligations in this framework will be tailor made to your individual arrangement with the Department. It will likely be written into your contribution agreement. It is noted that MACA's School of Community Government will be offering course work in many of these areas, and if you feel that your staff do not have the skill sets to comply, training is recommended.

There may be cases where you have contribution agreements with more than one department. It is advised that you and all of your GNWT contributors work together on the contribution requirements so as not to create a reporting burden.

The departments will be receiving information sessions on this framework. If you wish to join in on a session to see what it means to your organization, please call your Departmental Policy or Finance Director. They will be working directly with you to assist with the implementation.

For further information please contact:

Karyn Hicks - Programs Advisor
Budgeting and Evaluation
Financial Management Board Secretariat
867-920-8949